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| <b>NHS Greater Glasgow and Clyde</b> | <b>Paper No. 24/94</b>   |
| <b>Meeting:</b>                      | <b>NHSGGC Board Meeting</b>  |
| <b>Meeting Date:</b>                 | <b>27 August 2024</b>  |
| <b>Title:</b>                        | <b>Finance Report</b>  |
| <b>Sponsoring Director:</b>          | <b>Colin Neil, Director of Finance</b>   |
| <b>Report Author:</b>                | <b>Fiona McEwan, Assistant Director of Finance-<br/>Financial Planning &amp; Performance</b> |

## 1. Purpose

**The purpose of this report is to:** The purpose of this report is to provide the Board with the monthly finance position as at 30<sup>th</sup> June 2024, including the position of the Sustainability and Value and Capital Programme for 2024/25

The format of the report covers;

- i) The Month 3 Revenue position (pages 3-4)
- ii) The Month 3 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 3 Capital position (pages 9-11)
- iv) 2024/25 year end position (pages 12-13)
- v) Conclusion (pages 14-15)

## 2. Executive Summary

**The paper can be summarised as follows:**

### **Month 3 Position 2024/25**

At the 30<sup>th</sup> June 2024 the Board's financial ledger highlights an overspend of £34.91m of which £23.40m is attributed to unachieved savings and a pay and non-pay overspend of £11.51m. Acute is overspent by £11.20m and Corporate areas are overspent by £0.64m for pay and non-pay. Partnerships has a pay and non pay underspend of £0.33m.

## Sustainability and Value

In terms of Sustainability and Value, at month 3, £18.4m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £129.3m has been achieved. As at month 3 there are forecast pipeline savings of £142.8m against the £226.9m challenge, with £40.2m identified on a recurring basis. The position noted within the paper indicates significant work is required to progress mitigating the full level of financial challenge of £226.9m for 2024/25.

## Capital Expenditure

Total capital expenditure incurred to 30<sup>th</sup> June 2024 is £6.8m, this amounts to 12% of the current capital budget of £58.5m, leaving a balance of £51.7m to be incurred to the 31<sup>st</sup> of March 2025. At month 3, £31.1m (53%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £1.0m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

## 2024/25 Position

The overall financial challenge for the Board in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The Financial Plan requires recurring savings of £128.6m and non-recurring savings relief of £50.0m to derive the deficit outlined in the approved finance plan of £48.3m.

The forecast has been reviewed and based on the month 3 position there is **no change** to the forecast deficit of **£48.3m**, albeit it should be emphasised that the month 3 outturn is beyond the anticipated trajectory. Not all sectors and directorates identified 50% of their savings target by the end of quarter one and as a result the Board is still facing a significant financial gap. It is extremely important that there is an improvement in the value of savings plans over the next month and that SRO's progress the overarching workstreams, combined with actions to reduce the pressures that have been highlighted in this report.

2024/25 is a challenging year, given the number of priorities the Board is facing with unscheduled care, planned care and the underlying financial position. Collective focus is required to reduce this deficit and achieve the savings required, with continued emphasis on reducing pressures and costs in order to improve the overall position. Progress is essential in the forthcoming months as the current deficit within the financial plan is at risk of not being met.

## 3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at month 3
- ii) Note the Month 3 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 3; and
- iv) Note the 2024/25 position.

#### 4. Response Required

This paper is presented for assurance.

#### 5. Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- |                        |                        |
|------------------------|------------------------|
| • Better Health        | <u>Positive</u> impact |
| • Better Care          | <u>Positive</u> impact |
| • Better Value         | <u>Positive</u> impact |
| • Better Workplace     | <u>Positive</u> impact |
| • Equality & Diversity | <u>Positive</u> impact |
| • Environment          | <u>Positive</u> impact |

#### 6. Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity:

This report has been previously presented and scrutinised by the Corporate Management Team and the Finance, Planning and Performance Committee.

#### 7. Governance Route

This paper has been previously considered by the following groups as part of its development: As above.

#### 8. Date Prepared & Issued

Prepared on 14 August 2024  
Issued on 20 August 2024

# NHSGGC - Month 3 Finance Report

## *Board Meeting*

### *August 2024*



# Purpose and Format

The purpose of this report is to provide the Board with the monthly finance position, including the position of the Sustainability and Value and Capital Programmes for 2024/25

The format of the report covers;

- i) The Month 3 Revenue position (pages 3-4)
- ii) The Month 3 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 3 Capital position (pages 9-11)
- iv) 2024/25 year end position (pages 12-13)
- v) Conclusion (pages 14-15)

Members are asked to ;

- i) Note the Month 3 revenue position
- ii) Note the Month 3 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 3; and
- iv) Note the 2024/25 position.

# Month 3 Revenue Position



## Month 3 - Overall Position

### Financial Performance – Month 3

This section of the report provides analysis of the financial position as at 30<sup>th</sup> June 2024.

| Area  | Annual Budget   | Pays, Non Pays Position | Unachieved Savings | Final reported Position | % of annual budget |
|---|-----------------|-------------------------|--------------------|-------------------------|--------------------|
|   | £m              | £m                      | £m                 | £m                      | %                  |
| Acute                                       | 1,937.14        | (11.20)                 | (15.32)            | (26.52)                 | (1.4%)             |
| Partnerships                                | 1,636.11        | 0.33                    | (0.34)             | (0.01)                  | (0.0%)             |
| Corporate Departments                       | 719.46          | (0.64)                  | (7.74)             | (8.38)                  | (1.2%)             |
| <b>Financial Position at 30th June 2024</b> | <b>4,292.71</b> | <b>(11.51)</b>          | <b>(23.40)</b>     | <b>(34.91)</b>          | <b>(0.8%)</b>      |

As outlined above, the Board recorded a deficit of £34.91m at 30<sup>th</sup> June 2024. (Month 2 reported a deficit of £26.31m this was against a current annual budget of c£4.3 billion).

The deficit is made up of the following:-

- Pay and non-pay overspend of £11.51m. Acute is overspent by £11.2m and Corporate areas are overspent by £0.64m. Partnerships has a pay and non pay underspend of £0.33m
- Unachieved savings at month 3 amount to £23.4m.

# Sustainability and Value



# Sustainability and Value Programme

## Month 3 Position

The position as of Month 3, against the overall financial challenge of £226.9m, is £18.4m achieved on a FYE recurring basis and on an in year (recurring / non-recurring) basis £129.3m /57% has been achieved.

Table 1 below shows the areas of savings achieved as of Month 3.

| Area              | CYE Target<br>£m | CYE<br>£m    | CYE Gap<br>£m | FYE Target<br>£m | FYE<br>£m    | FYE Gap<br>£m  |
|-------------------|------------------|--------------|---------------|------------------|--------------|----------------|
| Acute             | 69.2             | 3.9          | (65.3)        | 69.2             | 2.1          | (67.1)         |
| Corporate         | 25.3             | 6.4          | (18.9)        | 25.3             | 4.9          | (20.4)         |
|                   | <b>94.5</b>      | <b>10.3</b>  | <b>(84.2)</b> | <b>94.5</b>      | <b>7.0</b>   | <b>(87.5)</b>  |
| Financial Plan    | 132.4            | 119.0        | (13.4)        | 34.1             | 11.4         | (22.6)         |
| <b>Total</b>      | <b>226.9</b>     | <b>129.3</b> | <b>(97.6)</b> | <b>128.6</b>     | <b>18.4</b>  | <b>(110.2)</b> |
| <b>% achieved</b> |                  | <b>57.0%</b> |               |                  | <b>14.3%</b> |                |

The largest amount of savings achieved can be seen from the Financial plan and this is predominantly due to non recurring underspends, relief and carry forward of the consequential income from 2023/24. Of the above figures the sectors and directorates have delivered £7m on a FYE and £10.3m on a CYE.

# Sustainability and Value Programme

## 2024/25 Forecast Position

Table 2 below shows the current Month 3 S&V confirmed pipeline for sectors and directorates against their allocated 2024/25 targets. As of Month 3 the total targeted level of savings to date noted below is £142.8m CYE (Recurring and non-recurring), and £40.2m FYE against the overall £226.9m financial challenge.

This is based on full delivery of the current pipeline of projects and further illustrates the need for further growth in our plans given this forecast assumes no overspends across the organisation and that all pressures are mitigated. It should be noted that within these plans a significant number of projects have yet to commence savings, or are not achieving savings at the planned levels and £13m is considered at high risk.

**Table 2 Month 3 Forecast**

| Area              | CYE Target<br>£m | CYE<br>£m    | CYE Gap<br>£m | FYE Target<br>£m | FYE<br>£m    | FYE Gap<br>£m |
|-------------------|------------------|--------------|---------------|------------------|--------------|---------------|
| Acute             | 69.2             | 13.7         | (55.5)        | 69.2             | 18.4         | (50.8)        |
| Corporate         | 25.3             | 10.1         | (15.2)        | 25.3             | 10.3         | (15.0)        |
|                   | <b>94.5</b>      | <b>23.8</b>  | <b>(70.7)</b> | <b>94.5</b>      | <b>28.7</b>  | <b>(65.8)</b> |
| Financial Plan    | 132.4            | 119.0        | (13.4)        | 34.1             | 11.4         | (22.6)        |
| <b>Total</b>      | <b>226.9</b>     | <b>142.8</b> | <b>(84.2)</b> | <b>128.6</b>     | <b>40.2</b>  | <b>(88.4)</b> |
| <b>% achieved</b> |                  | <b>62.9%</b> |               |                  | <b>31.2%</b> |               |

The SRO led work streams, which include areas such as physical infrastructure, workforce, non pay, digital, service reviews and efficiency and productivity, have identified further savings opportunities of £8.4m CYE and £32.9m FYE. It is imperative that these work streams deliver formal mandated projects to ensure our forecast position is expanded.

# Sustainability and Value Programme

## S&V Summary

The rate of both achievement of savings and further growth in the wider pipeline of savings needs to improve significantly. Our current level of savings plans do not provide a route to a balanced financial position.

Specifically, our recurring savings plans need to be expanded if we are to address the requirements of the financial plan. The SRO workstreams have identified significant recurring savings opportunities, it is imperative that these become defined and committed savings plans within the next month.

Whilst Month 3 has seen some incremental improvement of plans the pace of savings delivery and further growth in our plans continues to be a key area of focus.

# Capital Position



# Capital Position

## Capital Expenditure - Month 3 - June 2024

- Total Gross Capital Expenditure to date : £ 6.8m (12% of plan)
- Annual Capital Budget at 30/06/24 : £58.5m
- Balance of Budgeted Cap. Ex. to be incurred : £51.7m
- Total Expenditure Committed : £31.1m (53%)
- Uncommitted Budget : £27.4m ( 47%)

\* Committed [Expenditure incurred + Orders placed]

Uncommitted includes project spend identified but not formally initiated

Total gross capital expenditure incurred to 30<sup>th</sup> June 2024 is £6.8m amounting to 12% of the current annual plan (of £58.5m). This leaves a balance of £51.7m of expenditure to be incurred by 31<sup>st</sup> March 2025.

£31.1m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £27.4m

£1.0m of budget unallocated (Currently incorporates planned Dykebar sale at nbv of £0.7m)



# Capital Position

## **Capital Expenditure – to 30<sup>th</sup> June 2024 : £6.8m**

### **Main areas of Expenditure as below:**

- £1.8m : New build : Glasgow North East Health & Social Care Centre.
- £0.5m : New build : Bishopton Health Centre
  
- £2.6m of expenditure has been incurred on hospital site based schemes as below.
  - QEUH : Phase 3 : Waste hold doors replacement programme
  - QEUH : Completion of Children's Roof Terrace
  - QEUH : Rectifications: Atrium
  - GRI : Completion of Theatre C upgrade
  - Gartnavel : Radionuclide Dispensary relocation
  
- £0.2m : eHealth
- £1.0m : Medical Equipment
- £0.3m : PCIP Works to Glasgow Health Centres
- £0.2m : Minor Works & Energy Schemes
- £0.2m : Other

## 2024/25 Position



# 2024/25 Position



The 3 year financial plan was approved by the Board on the 30<sup>th</sup> of April 2024. The financial plan highlights a deficit of £48.3m for 2024/25 and a deficit of £37.9m and £7.2m for the subsequent years.

The overall financial challenge for the Board in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The assumption is that recurring savings of £128.6m will be achieved in 2024/25 and there will be non recurring relief of £50.0m available which would result in the deficit of £48.3m.

2024/25 is another challenging year, given the number of priorities the Board is facing with unscheduled care, planned care and the underlying financial position. It is going to require collective focus to reduce this deficit and achieve the savings required, with continued emphasis on reducing pressures and costs in order to improve the overall position.

The forecast has been reviewed and based on the month 3 position there is **no change** to the forecast deficit of **£48.3m**, albeit it should be emphasised that the month 3 outturn is beyond the anticipated trajectory. Not all sectors and directorates identified 50% of their savings target by the end of quarter one and as a result the Board is still facing a significant financial gap. It is extremely important that there is an improvement in the value of savings plans over the next month and that SRO's progress the overarching workstreams, combined with actions to reduce the pressures that have been highlighted in this report.

Scottish Government have formally approved our Financial Plan. SG have clearly set out that there is a statutory responsibility for NHS Boards to live within the resources allocated and reach a balanced financial outturn. A national target has been set that 3% recurring savings should be achieved against baseline funding, with the remaining savings requirement to reach financial balance to be delivered through further choices and actions. The total savings requirement for the Board is £226.9m. The request is to move quickly into decision making and delivery of those options required above the 3% savings. As the year progresses, options to reduce the deficit will become more limited, therefore action is required at pace.

The IJB's all have approved financial plans showing a break even position, however are facing a number of pressures and high value of savings plans. Discussion are ongoing with some of the IJB Boards around the approval of the final savings plans.

# Conclusion

# Conclusion

At the 30<sup>th</sup> June 2024 the Board's financial ledger highlights an overspend of £34.91m of which £23.40m is attributed to unachieved savings and a pay and non-pay overspend of £11.51m. Acute is overspent by £11.20m and Corporate areas are overspent by £0.64m for pay and non-pay. Partnerships has a pay and non pay underspend of £0.33m

The Board is still facing a number of pressures at Month 3 , every effort needs to be made to reduce these pressures going forward or the forecast deficit of £48.3m is unlikely to be achieved.

In terms of Sustainability and Value, £18.4m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £129.3m has been achieved. As at month 3 there are forecast pipeline savings of £142.8m against the £226.9m challenge, with £40.2m identified on a recurring basis.

The pace of both delivery and identification of savings will have to increase rapidly if the Boards targets are to be achieved.

Total capital expenditure incurred to 30<sup>th</sup> June 2024 is £6.8m, this amounts to 12% of the capital budget (of £58.5m) leaving a balance of £51.7m to be incurred to the 31<sup>st</sup> of March 2025. At month 3, £31.1m (53%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £1.0m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

We need to ensure that financial controls are adhered to, to maintain spend within budget and mitigate current pressures in order to address the financial challenge we are currently facing.

In summary, Members are asked to :

- i) Note the revenue position at month 3
- ii) Note the month 3 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at month 3; and
- iv) Note the 2024/25 position.